



June 21, 2002

**Honorable County Executive, Members of  
the Metropolitan King County Council, and  
King County Residents**

We are pleased to transmit to you the Comprehensive Annual Financial Report (CAFR) of King County, Washington, for the fiscal year ended December 31, 2001.

This annual report consists of three sections: Introductory, Financial, and Statistical. The Introductory Section includes an organization chart, this transmittal letter highlighting significant aspects of 2001 financial operations and particular financial issues faced by the County, and the Certificate of Achievement for Excellence in Financial Reporting awarded by the Government Finance Officers Association for the 2000 CAFR. The Financial Section includes the State Auditor's opinion, the combined financial statements, notes to the financial statements, the combining and individual financial statements, and individual budgetary comparison schedules arranged by fund type and account group. The Statistical Section includes several tables of unaudited data depicting the financial history of the County, as well as demographic and other informative statistics.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the County. We believe that: (1) the data presented is accurate in all material aspects; (2) the financial statements fairly present the financial position and results of operations of the County as measured by the financial activity of its various funds; and (3) all disclosures necessary to enable the reader

to gain the maximum understanding of the County's financial affairs have been included.

The major objective of this report is to describe the County's financial condition and financial results of operations. This report is designed to provide financial information to our legislative body, creditors, investors, students of public finance, political scientists, and the general public.

## **KING COUNTY AND ITS SERVICES**

The County consists of 2,134 square miles, ranking 11th in geographical size among Washington State's 39 counties. The County ranks number one in population in the State of Washington and is the financial, economic, and industrial center of the Pacific Northwest Region. As of December 31, 2001, the County contained 39 incorporated cities, which accounted for approximately 80 percent of its population.

King County operates under a Home Rule Charter adopted by a vote of the citizens of King County in 1968 and is organized under the Executive-Council form of county government. The Metropolitan King County Council is the policy-determining legislative body of the County. The Council's 13 members are elected by district to four-year staggered terms and serve on a full-time basis. The County Council sets tax levies, makes appropriations, and adopts and approves the annual operating budgets for the County. Other elected County officials include the County Executive, Prosecuting

Attorney, Sheriff, Assessor, and Judges. All are partisan positions, elected at large to four-year terms, except for the Sheriff and Judges, which are non-partisan positions.

The County Executive serves as the chief executive officer of the County. The County Executive presents to the County Council annual statements of the County's financial and governmental affairs, the proposed budget, and capital improvement plans. The County Executive signs, or causes to be signed on behalf of the County, all deeds, contracts, and other instruments, and appoints the director of each executive department.

King County provides some services on a County-wide basis and other services only to unincorporated areas. Within appropriate jurisdictions, the County provides public transportation, road construction and maintenance, water quality, flood control, parks and recreation facilities, court services, law enforcement, agricultural services, inquests, tax assessments and collections, fire inspections, planning, zoning, animal control, criminal detention, rehabilitative services, public healthcare, election administration, and the processing and disposal of solid waste. In addition, the County has contracts with some cities to provide services to incorporated areas of the County.

The reporting entity "King County" includes three component units: the Harborview Medical Center, the Washington State Major League Baseball Stadium (WSMLB) Public Facilities District (PFD), and the Flood Control Zone Districts. The Harborview Medical Center, with a history dating back to 1877, is a comprehensive 349-bed healthcare facility operated by the University of Washington since 1967 under a management contract. The physical plant is owned by the County. The PFD is responsible for overseeing the maintenance and operation of Safeco Field, the Seattle Mariners' baseball stadium. The Flood Control Zone Districts account for the undertaking, operation, or maintenance of

flood control projects or storm water control projects that are of special benefit to specific areas of the County.

Most funds in this report pertain to the entity King County Government. Certain Agency Funds pertain to the County's custodianship of assets belonging to independent governments and special districts. Under state statute and the County's Home Rule Charter, the King County Executive is the *ex officio* treasurer of all special purpose districts in King County, but not of cities and towns. As provided by County ordinance, the Manager of the Finance and Business Operations Division is responsible for the duties of the comptroller and treasurer. Monies received from or for the special purpose districts are deposited in a central bank account. The Manager of the Finance and Business Operations Division invests or disburses monies according to the instructions of the respective special purpose district's governing body or administrative officer.

## ECONOMIC CONDITION AND OUTLOOK

Economic conditions have a direct impact on the County's revenues and demand for County services. The County's revenue sources include taxes, charges for services, and intergovernmental revenues. The largest single source is taxes, which comprise approximately one-third of total revenue, and consist primarily of taxes on real property. The property tax tends to be fairly stable due to its relationship with assessed value. Other tax sources, such as the retail sales tax, are much more volatile and directly influenced by economic conditions in the region.

King County entered a moderate economic recession in the second quarter of 2001. Exacerbated by the September 11 terrorist attacks, unemployment in the county increased by 8,000 in October, the largest single month increase since Boeing halved its employment in 1970. In December the unemployment rate reached 6.1 percent, compared with 3.4 percent in

December 2000. A general decline in the stock market, and a collapse in technology equities in particular, significantly undermined personal income fueled in the 1990s in large part by stock option valuations. The tight labor market for skilled technical workers largely vanished as dozens of area firms related to the internet declared bankruptcy.

Total retail sales tax receipts in the county declined by 1.79 percent for the year, the first such decline since the institution of the local option sales tax in 1971. King County's sales tax collections fell by 2.82 percent in 2001; all previous cases of negative growth were caused by annexations and incorporations. Property values continued to grow throughout 2001 despite the recession, up 12.1 percent compared with 13.4 percent in 2000. Because of the constraints of Initiative 747, however, county property tax collections increased by only 2.47 percent, compared with 6.6 percent in 2000.

On February 28, 2001, the Nisqually earthquake, measuring 6.8 on the Richter scale, shook the Central Puget Sound region for roughly 40 seconds, leaving major economic and logistical impacts which were felt across the Pacific Northwest. King County sustained damages in many areas including roadways, wastewater treatment systems, buildings, and a variety of equipment. The Federal Emergency Management Agency and Washington State will reimburse King County for approximately \$8.2 million in eligible damages to County facilities.

The economic outlook for 2002 is mixed. While the national economy is expected to make a modest recovery, the Puget Sound region is unlikely to see any appreciable gains in employment or personal income until late in the year. The County will continue to face numerous challenges, including volatile energy prices and the need to raise sufficient revenues to pay for the operations of its utilities, transit system, and general government operations.

### Major Accomplishments

King County is proud of its many accomplishments during 2001, which include the following:

In 2001 the King County Sheriff's Office (KCSO) continued to collaborate with other county agencies, law enforcement officials, and organizations to meet citizen needs. For example, the KCSO co-hosted the Washington State Methamphetamine Summit and began hosting a regional team to eradicate meth from our communities. Partnerships with the federal government yielded a \$500,000 earmark grant for DNA testing and another \$205,000 grant for school resource officers.

The KCSO's response to the call for terrorism preparedness included emergency staffing plans, training materials, tools for handling hazardous materials, security surveys, tests of court security screening practices, and participation in intelligence sharing teams.

An October survey showed that citizens continue to give KCSO services high marks. The survey also showed that drug production and dealing were among citizens' top concerns.

Efforts to boost KCSO's effectiveness included new reports that use data and analysis to link its actions and goals, a comprehensive plan to manage patrol overtime, reorganizations, and technological improvements.

The Department of Adult and Juvenile Detention (DAJD) actively worked with staff and bargaining groups to implement a number of cost-saving measures in 2001. Several reductions were realized based on modification to staff work schedules or reprioritization of duties. One of the major budget reductions was closure of the third shift booking unit at the Regional Justice Center in Kent, requiring the cooperation of other criminal justice agencies as well as contracting cities.

DAJD was awarded National Commission of Correctional Health Care (NCCHC) accreditation for the two adult correctional facilities. The adult facilities also implemented a quartermaster system to improve key control and accountability for weapons.

2001 marked the second year since the juvenile division was transferred from the former Department of Youth Services to DAJD. DAJD continued 2000 efforts to integrate the juvenile division into the department while maintaining separate and appropriate juvenile standards. The juvenile detention area was physically improved with a variety of projects, such as new flooring and an enhanced cleaning program. Staff members demonstrate a higher degree of professionalism by wearing new uniforms, using an improved radio system, and receiving enhanced training in providing customer service to other criminal justice agencies and to the public.

The District Court has undertaken some innovative programs for efficiency, savings, and revenue enhancements.

- Expedited Drug Cases – In conjunction with Superior Court and the Prosecutor's Office, District Court is hearing felony drug cases in an expedited manner. The defendant is given the opportunity to plead down to a gross misdemeanor from a felony charge. If the defendant fails to plead guilty, the case is returned to Superior Court for trial.
- Automated Phone Reminder System – The Court is using a system of computer-generated telephone calls to remind defendants of their court dates, thereby reducing the number of failures to appear. This reduction saves time spent by court staff, prosecutors, defense attorneys, and police agencies. It also reduces the number of arrest warrants issued, which in turn reduces jail usage. The District Court is the first court in the nation to implement this system, prompting numerous inquiries from other courts throughout the country.
- Community Work Program – Work Crew is a form of supervised community service. The program receives its funding from contracts for the services the crew provides. Work Crew, as an intermediate sanction, is based on aligning the appropriate offender and the appropriate sanction and stating the goals and expectations clearly. Work Crew is a less expensive alternative for low-risk defendants, and has resulted in a reduction in the percentage of defendants sentenced to detention.
- Domestic Violence Court – The establishment of specialized domestic violence courts allows for the coordination of resources and information to enhance the Court's effectiveness in dealing with the serious issue of domestic violence in our county. Unique to the crime of domestic violence is the relationship between the offender and the victim. Generally, the parties are involved in other areas of the judicial system. This program provides a mechanism for assembling, accessing, and sharing information between the various judicial departments and other agencies involved with the parties.
- Mental Health Court – This is a collaborative program implemented by District Court in conjunction with the Department of Community and Health Services, the Office of the Prosecuting Attorney, and the Department of Adult and Juvenile Justice. The cases handled by this court are for very high-risk defendants who tend to have multiple social issues that can interfere with their ability to appropriately handle their criminal charges.
- Mitigation and Contested Hearings by Mail – Accepting written statements in lieu of appearing at a hearing has resulted in many benefits to the court, including fewer angry defendants in the courthouse and on the telephone, less traffic on the highways and streets of our county, fewer failures to appear for hearings (resulting in

fewer license suspensions), less clerical overtime, and an increase in public convenience.

- **Passport Acceptance** – This public service allows the Court to provide a service to the citizens of King County while generating new revenues. Citizens can come to any of the Court's divisions to apply for passports during normal business hours. A \$15 administrative fee, which the court retains, is collected for each passport application.

The Department of Judicial Administration (DJA) again focused on phases of Electronic Court Records (ECR). During 2001 DJA worked with the Superior Court to furnish courtrooms with the necessary equipment and training to access ECR. The court began using ECR exclusively for some case types in August 2001 and adopted an implementation schedule allowing for full ECR implementation by first quarter 2002. In 2001 DJA also secured funding to move on to the E-Filing phase of ECR, which will allow court documents to be filed electronically.

In 2001 DJA worked with the Superior Court and the Prosecuting Attorney to expand Drug Court services to facilitators. The expansion to a different type of Drug Court participant required extensive work with treatment agencies and additional Drug Court staff. This work has been successful and sets the stage for continued work in the Drug Court arena during 2002.

DJA responded to several Court rule changes dealing primarily with security, access to court records, and format requirements for court documents being filed. A great deal of time and effort went into recovering from the earthquake damage to the file shelves in the Clerk's Office and the fire damage that had the Juvenile Clerk's Office displaced for several months.

In 2001 the Office of Public Defense (OPD) - assigned counsel rate increase 5-year plan, and the non-legal staff salary increase

4-year plan (both plans adopted in 2000), were implemented for the second phase-in year. Salary parity stemming from the Prosecuting Attorney's Office labor settlement pay increase was provided to public defense attorneys. With the growing King County Superior and District Court calendars for domestic violence cases, OPD provided for calendar attorneys at domestic violence courts. OPD was also able to obtain another small cities screening contract with the City of Newcastle, slated to start in 2002. Next year, OPD plans to review the rates paid to psychological evaluation experts and evaluate the possible presence of a third public defender agency at the Regional Justice Center.

OPD also actively participated in various interdepartmental and governmental programs and workgroups. OPD coordinated with the Superior Court and other criminal justice participants on the Early Assignment Program and worked with the City of Seattle in completing the Request for Proposal (RFP) for the implementation phase of the Seattle Mental Health Court.

The Public Health Department had significant accomplishments in year 2001. The Department's Emergency Medical Services Division (EMS) services received a vote of confidence from King County voters when the EMS levy passed by approximately 81 percent.

In the Department's personal health programs, the Family Planning program launched a comprehensive Family Planning website ([www.metrokc.gov/health/famplan/](http://www.metrokc.gov/health/famplan/)) and implemented a new Medicaid program called "Take Charge" at all 10 Public Health clinics for women and men in need of family planning services who are up to 200 percent of the Federal Poverty Level. All of the Public Health primary care practices with services for adults are participating in activities to improve chronic disease management. Efforts include computerized registries for patients with diabetes and hypertension, as well as delivery system

redesign and patient self-management support.

In its efforts to protect the public's health by controlling infectious disease, Public Health began year-round surveillance for influenza. This will give us early warning for pandemic strains of influenza. Public Health also worked to address diabetes disparity. Public Health is implementing a five-year grant with a number of community partners to reduce the health disparities in ethnic minorities from diabetes. Activities include outreach efforts, education of patients and providers, and support groups. Nutritional materials relating to diabetes have been developed and translated into a number of languages.

As part of Environmental Health's ongoing collaboration with the Department of Ecology on addressing the potential health impacts of the Tacoma Smelter Plume, Public Health made public in June the second round of soil sampling tests on Vashon and Maury Islands. While soils at some of the 34 child-use properties tested have averaged levels of arsenic and lead slightly above state clean-up standards, no immediate clean-up action is required. Public Health found dramatically lower levels of arsenic and lead in the soil of developed playgrounds, parks, trails, and yards than was found last year in the wooded areas on the island. Public Health continues to advise the owners of the child-use areas, as well as all islanders, to take general protection measures to keep exposure risks to a minimum.

During 2001 the activities of the Community Services Division touched the lives of over 300,000 county residents with human services, housing-related services, education, volunteer training, community organizing, and community infrastructure. The Division continued to strengthen its performance evaluation capabilities by establishing outcome measurements for all division activities and initiating the development of a division-wide database to capture all service activities and impacts.

U.S. Department of Housing and Urban Development (HUD) funds for all King County and partner suburban cities were allocated to support the creation or preservation of 739 units of affordable housing and the rehabilitation of an additional 317 units of housing occupied by low- or moderate-income seniors and other households. Of the housing that will be created or preserved, 89 percent will be affordable to households earning less than 50 percent of the area median income.

In 2001 the E-911 Program Office continued to work with the Washington State Legislature to facilitate the enactment of a funding mechanism for wireless E-911 service. The proposed legislation passed out of committee in the Senate, but died in Senate Rules. The office's continued efforts to move forward with implementing wireless Phase I service, which provides the callback telephone number and the location of the cellular tower that transmits each wireless 911 call. Phase I service was implemented with two of the seven wireless carriers who offer service in King County. A mapping system was installed at one of the Public Safety Answering Points (PSAPs) with the capability of displaying the location of wireless 911 callers. In addition, the 911 network between telephone company central offices and the 911 Selective Router was upgraded to speed up the delivery of 911 calls, and the 911 equipment at the PSAPs was upgraded to display full ten-digit telephone numbers.

The Risk Management Division continued with loss control efforts that focused on minimizing employment practices liability exposures. We successfully launched web-based employment law training for 1,100 King County managers and supervisors. The first on-line class offered was Anti-Harassment, which is integrated with the mandatory management class on Anti-Harassment provided by the Human Resources Division. The response to the on-line training was enthusiastic. Many managers commented on the ease of taking the training from their desks, and

asked for more training to be provided in this web-based format. The on-line training has particular appeal to Risk Management because there is a built-in training-tracking program that creates a record of who took the training and when.

The Risk Management Division, in conjunction with the Prosecuting Attorney's Office, Superior Court, District Court, and Judicial Administration, recommended a new probation management approach in response to recent Washington cases expanding our duty in this area. Our Prosecuting Attorney's Office, judges, court administrators, and risk management staff recommended the new approach following a review. Together we have implemented risk controls to minimize our potential for liability.

Risk Management also retained an attorney with expertise in the supervision of offenders and completed training on legal liabilities and risk controls for more than 180 probation counselors, their supervisors, and the judicial branch. This training was mandatory for all probation counselors, probation clerks, and their supervisors.

In 2001 Risk Management collected more than \$567,684 for losses that were covered by the County's purchased insurance program, and collected more than \$464,711 for losses that were caused by citizens who damaged County property.

The Information and Telecommunications Services Division (ITS) completed the implementation of the enterprise-wide licensing of desktop software for participating King County agencies. The division also accomplished the first phase of a PC replacement project for Current Expense (CX) agencies. In addition, ITS successfully developed an enterprise-wide design and implementation plan for the Microsoft Windows 2000 Server and Active Directory. This will promote efficient and consistent utilization of computer resources.

In the application development area, ITS developed capability allowing the public to access Real Property Taxes information on the web, created a web-based court interpreter system, and developed a web-based on-line directory for use within King County. Another major accomplishment was integration of the existing jail booking and release system with the national Victim Notification System, allowing victim notification upon inmate release from the King County Correctional Facility. The system applications group also integrated the Seattle Municipal Court into the Jail Inmate Movement Application. To support emergency notification, the group implemented and expanded the Regional Public Information Network to include e-mail notification of emergency situations and alerts.

During 2001 the ITS I-Net group built 96 fiber sites and completed 262 sites of the 288 total planned sites. This accomplishment included the completion of acceptance testing on primary ring fiber and 90 percent completion of acceptance testing of the secondary ring fiber. The Enterprise's circuit designs and deployment planning were also completed for King County Libraries Data Network, King County Libraries Voice Network, King County Wide Area Network, and Seattle Public Utilities. In addition, the I-Net group performed lab testing and deployed I-Net Network Access Point for provisioning internet service and broadband application interconnection between I-Net participants.

Printing and Graphics Arts increased efficiencies and promoted a safer work environment by replacing unsafe and outdated cutting and collating systems. The group also initiated the video production system for public events, making the end products available through the web.

The Nisqually earthquake in February 2001 set the work priority for the King County Radio Communication Services for the

remainder of 2001. Though the system performed without major faults, some performance-related issues were identified. King County Radio Communication Services and its regional partners have set a higher standard for the system's response to future earthquakes. The regional 800 MHz Radio Communications has also been engaged in a total system performance audit, ensuring compliance with design criteria and establishing a higher benchmark.

The Office of Information Resource Management was created at the end of 2000 and became operational in 2001. The Office promotes and facilitates innovative and effective information technology management countywide through strategic planning and technology project oversight. A cross-county governance structure was established in County Code and implemented in 2001 to advance a common information technology vision and strategic direction for the County.

The Office of Regional Transportation Planning, by promoting a more coordinated intergovernmental project prioritization process, enhanced the region's ability to compete for state and federal funding. For example, a first-ever-unified King County request for federal funds was accomplished involving the sub-area transportation boards, the City of Seattle, the State Department of Transportation (DOT), and the Regional Council. The grants staff participated in a regional allocation of \$22 million of Federal Transit Administration (FTA) funds, of which \$15 million was awarded to King County Metro Transit; prepared three new FTA applications (\$93 million) and nine grant reimbursement requests (\$70 million); and improved project management oversight and technical support while completing the training necessary to achieve full grants management certification.

The 2001 Roads Capital Improvement Program aimed to improve traffic flow and circulation, enhance pedestrian and bicyclist safety, and increase road capacity.

Projects included widening an existing five-lane roadway between Issaquah-Fall City Road and Interstate 90, widening part of South 96th Street, paving the shoulders, and improving lighting and drainage. Building a pedestrian walkway and making traffic signal improvements in the Fairwood/Benson area also enhanced safety.

Under the sponsorship of the Washington State DOT, the Road Services Division staff chaired the Regional Road Maintenance Endangered Species Act (ESA) Forum, a 30-jurisdiction group that developed a manual of "Best Management Practices" (BMP). The 168-page BMP manual was designed to serve as a road map for those doing maintenance work near streams and other fish friendly bodies of water. The manual was published in the Federal Register and has now been given Federal approval. This means jurisdictions adhering to BMP guidelines will be protected against legal actions that might be filed under the ESA.

In 2001 Fleet Administration's innovative management efforts were nationally acknowledged through the Larry Goill Award for Quality Fleet Management Ideas. Innovative management ideas led to maintenance costs increasing only 0.4 percent over the past five years. Additionally, from 2000 to 2001 Fleet Administration achieved an 11 percent increase in the number of agencies/customers it serves. King County's Clean Air Initiative was strengthened through Fleet Administration's acquisition of 30 hybrid low emission vehicles, operating on both electricity and gasoline.

Transit provided 100 million transit trips in 2001. In the aftermath of the Nisqually earthquake, Transit was able to continue service in spite of numerous reroutes and bridge and viaduct closures. In response to the events of September 11, Transit created the Transit Security Enhancements Program to increase customer, employee, and property safety. Initial accomplishments included implementing a transit-wide employee identification policy, testing



camera equipment on buses, and installing additional cameras at select tunnel locations.

Transit's efforts to improve the safety of operators and passengers resulted in a decrease in injury assaults from 41 in 2000 to 28 in 2001, making Transit one of the safest providers in the nation. Vehicle reliability improved 3.6 percent and on-time performance improved 5 percent over 2000. The Renton Transit Center was opened for passenger service.

In 2001 the King County International Airport had two major events requiring immediate response: the February 28 Nisqually earthquake and the events of September 11. Although the Airport sustained considerable earthquake damage, including major failure of both runways and damage to taxiways, aprons and buildings, it was fully operational within two weeks. In response to September 11, the airport initiated development of a new security plan, including design and procurement of a new airport badging system.

In 2001 all of the local jurisdictions (and four new jurisdictions) participating in the Water and Land Resources Division's Water Resource Inventory Area (WRIA) recovery planning effort renewed their interlocal contract agreements with the County. As a result of FEMA's recognition of the Division's outstanding flood plain management efforts, the County's ranking in the National Flood Insurance Program's Community Rating System was upgraded from Class 6 to Class 4, enabling property owners to experience a 30 percent reduction in flood damage insurance rates. The Division completed its first internal assessment since its inception in 1997, yielding a five-year strategic plan that includes: (1) a staff reorganization along business lines; (2) a performance-based measurement system to track Division goals; and (3) a new six-year CIP prioritization scheme. The County Council, for the first time in a decade, approved a 20 percent increase in the Surface Water Management (SWM) fee,

along with new discounts and a cost-sharing program to help property owners manage their SWM fee impacts. In 2002 the Division plans to complete its Flood Hazard Reduction Plan, renew the NPDES permit for municipal storm water, conduct several large scale scientific studies (including the Marine Outfall Study, Sammamish-Washington Analysis and Modeling Program, and Green River Water Quality Assessment), and formulate management plans for resource lands previously overseen by the Parks Division. The Division also plans to continue ongoing efforts at increasing efficiency.

The Department of Development and Environmental Services (DDES) completed its second consecutive year with a positive fund balance. In 1993 the DDES fund had a fund balance deficit of approximately \$18 million. Through the concerted efforts of staff and management, DDES has transformed itself into a self-supporting department, free of debt and with sound business practices. During 2001 the Department processed almost 5,000 building permits and over 2,300 land use permits. It won national awards for its 24/7 Code Enforcement complaint hotline and received national recognition for its Flood Plain Management program. There was considerable expansion of its Project Management program and a new program was introduced that places the sensitive areas review at the beginning of the permit process, thereby potentially saving customers time and money associated with plan changes and redesigns. The Department maintains and continues to enhance an elaborate website that provides a broad depth of valuable information to both development and environment communities. In response to the Nisqually earthquake, prompt responses were provided to over 1,000 phone calls and 150 damage assessment inspection requests while simultaneously providing normal inspection services. The Department completed inspections on King County's first Brown Field redevelopment project. Other accomplishments include reducing administrative costs in a broad range of

areas, expanding the number of intake appointments available to customers per week, and lowering the wait times for those appointments.

## DEPARTMENT FOCUS

Each year, the County selects a department or division to highlight for its efforts and accomplishments. In 2001 the Legislative Branch Agencies have been chosen for review. The Legislative Branch is made up of the County Council and five independent agencies. We are highlighting three of those agencies: the Offices of the Hearing Examiner, County Auditor, and Citizen Complaints (Ombudsman)/Tax Advisor. Each of these agencies provides separate and unique services to the residents of King County.

### Office of the Hearing Examiner

The mission of the King County Hearing Examiner Office is to provide to all citizens a fair, efficient and accessible independent public hearing process for the implementation and enforcement of county regulations governing land use and other matters assigned by the County Council. Its basic objectives are: separate the application of land use regulations from land use planning; protect and promote public and private interests in accordance with applicable laws and ordinances; and apply principles of fairness and due process of law in public hearings.

Hearings are held on applications and on appeals of administrative decisions. Applications heard by the examiner include: reclassification (rezoning) of specific parcels of real property; preliminary plat (subdivision) approval and for plat revisions and alterations; special use permits; reduced assessment of "public benefit" land or timberland; shoreline environmental redesignation; television cable rate determinations or adjustments; and petitions for road vacations.

Administrative actions and decisions appealable to the examiner include: short plat decisions; citations and orders enforcing the county building, zoning, grading, health, and civil rights ordinances; threshold determinations of environmental significance or non-significance; denial of a permit, or the imposition of conditions, pursuant to the State Environmental Policy Act; decisions of the Department of Transportation concerning transportation mitigation payment system fees, denials or conditional approvals of transportation concurrency certificates, intersection improvement standards, and commute trip reduction programs; decisions on applications for variances, conditional use permits, and public agency exceptions from the Sensitive Areas Code; special study requirements imposed pursuant to the Sensitive Areas Code; reasonable use exceptions from the Sensitive Areas Code; Surface Water Management rate decisions; periodic review of extractive operations; and issue written recommendations and decisions containing findings and conclusions, which are appealable to the County Council and the Superior Court, respectively.

The Hearing Examiner's Office is made up of the Hearing Examiner, the Deputy Hearing Examiner, an Office Manager, and two Legislative Secretaries. In the year 2001 the Hearing Examiner's Office conducted 164 hearings and 69 pre-hearing conferences. A searchable database of previous recommendations and decisions issued by the King County Hearing Examiner is available at the King County website. The database was created by the Hearing Examiner's Office to help citizens locate information related to topics and issues from past cases to aid in preparing for upcoming cases that will be heard by the Hearing Examiner.

### Office of the County Auditor

The mission of the County Auditor's Office is to perform objective, high-quality, and useful performance and financial-related

audits and special studies that assist the Metropolitan King County Council in its oversight of county government operations, improve the cost effectiveness of county services, and promote accountability.

Under the provisions of the King County Charter (Section 205) and King County Code 2.20, the primary responsibility of the County Auditor's Office is to conduct, or manage consultants who conduct, independent audits and special studies of county agencies. These audits and studies are reported to the County Council and other county officials regarding: (1) the integrity of the financial management system; (2) the quality and efficiency of agency programs; and (3) program effectiveness. They also provide information to citizens regarding the use of public resources in the operation of public programs. The office's audits and special studies generally determine whether an organization, program, or process is efficient and cost-effective.

The Auditor's Office is made up of the County Auditor, five Management Auditors, two Financial Auditors, an Auditor Assistant, an Office Manager, and one Legislative Secretary. In 2001 the Auditor's Office conducted seven audits and issued nine management letters. Some examples of the audits conducted last year include the financial system replacement project, vanpool replacement and surplus practices, and the Institutional Network (I-Net).

After a local television station aired an investigative report that county employees were routinely using county vehicles for commuting, the County Council requested an audit of Take-Home Vehicle Policies and Practices. The audit found that many take-home vehicles were not assigned in accordance with policies adopted by the County Council to limit their usage and made a number of recommendations to increase accountability. Before the report was published, the County Executive discontinued 32 take-home vehicle assignments. The audit also identified

potential tax liabilities, since take-home vehicles are a taxable fringe benefit. The audit was useful during the budget process when the County Council reduced the number of take-home vehicles in the Sheriff's Office, which had shown the largest increase in the number of take-home vehicles.

## **Office of Citizen Complaints/Tax Advisor**

### **Office Of Citizen Complaints (Ombudsman)**

The mission of the Office of Citizen Complaints, as determined by Article 2, Section 260, of the King County Charter (KCC), is empowered by the County Council to receive, and quickly and efficiently investigate, complaints about County government. Impartial and thorough investigation of complaints promotes confidence and integrity in King County government by ensuring citizens' grievances will be heard. The issuance of reports and recommendations based on those investigations enhances the administration and responsiveness of County government. King County Ordinances empower the Ombudsman to investigate alleged violations of the Employee Code of Ethics, the Whistleblower Protection and Retaliation Ordinance, and to provide property tax advisor services.

When investigating complaints about the administrative acts of County government, the Ombudsman exercises those powers and obligations expressed in KCC 2.52. These powers include the authority to investigate a filed complaint or, on the Ombudsman's own motion, any administrative act of any administrative agency appropriate for investigation; interview complainants, respondents, witnesses, and affected agency directors and staff; issue subpoenas when necessary to compel production of records and testimony of witnesses and respondents; research and analyze applicable laws, policies and procedures to determine merit of a complaint and issue written Findings and Recommendations based on that

research and on the facts determined in the investigation; conduct and participate in committees or special studies related to expertise developed as a result of complaint investigations and as requested by Council or Executive agencies; provide regular reports to the County Council concerning the exercise of the Office functions. KCC 2.52 does not empower the Ombudsman to investigate the acts of Councilmembers or their staff, the judiciary, the Prosecuting Attorney and staff, or the County Executive and immediate staff.

The Ombudsman's office is staffed by the County Ombudsman, three Assistant Ombudsmen, an Office Manager, and one Legislative Secretary. In 2001 the Ombudsman completed 1,461 inquiries. Since opening for business in 1970, the ombudsman office has been asked for help more than 190,000 times.

#### Property Tax Advisor Office

The Property Tax Advisor is required by KCC 2.52.090 H. to provide advice and assistance to any person responsible for payment of property taxes in King County. This includes information on property tax appeals, assessments, other matters such as exemptions, and completing comparable sales studies for taxpayers. Counties in Washington implementing Property Tax Advisor offices are required to ensure that they are independent from the Office of the Assessor [*Revised Code of Washington (RCW)*, Chapter 84.48.140].

The duties of the Property Tax Advisor Office include interviewing taxpayers to determine what information is needed to assist them; using computers linked to Assessment and Finance records for retrieval of assessment-related information; researching and analyzing assessment information to determine applicability; completing comparable property sales studies to assist taxpayers who may appeal their assessed values; developing and providing responses to taxpayer inquiries pertaining to Senior Exemptions, non-payment of taxes, and the

appeal processes; and assisting taxpayers in the preparation of appeal and exemption forms, explaining comparable property sales studies, process and strategies for appeal.

The Tax Advisor staff presently consists of a Lead Tax Advisor, an Assistant Tax Advisor II, and one support person. Since 1993 the Tax Advisor Office has responded to 100,000 requests for property tax information and assistance, including nearly 14,000 contacts in 2001.

The Tax Advisor Office ran an informal postcard survey of those who used the services of the Ombudsman and Tax Advisor during the last five months of 2001. Over 95 percent of those who contacted the Ombudsman or Tax Advisor offices stated that they were treated courteously. Eighty-one percent felt they were treated fairly. Citizens who used Ombudsman services gave staff an 89 percent approval rating for being timely. The Tax Advisor staff received a score of 91 percent for being timely.

#### FUTURE PLANS AND PROJECTS

The years 2002 and 2003 pose great challenges for King County. King County is facing the most serious General Fund financial problem in memory. For 2002 the County faces a \$41 million shortfall; for 2003 the County estimates a \$50 million shortfall. A \$30 million shortfall is projected for 2004. The County used cuts, layoffs and consolidations to do what was necessary to balance the 2002 budget. For the 2003 budget, the County will have to do more. Additional \$25 to \$30 million cuts will be necessary in each of the succeeding years. Over the next three years, core County General Fund services, 68 percent of which are criminal justice functions, will be cut by almost 25 percent.

During 2001 the County enacted the most significant reorganization of county government since the Metro-County merger. The reorganization became effective January 1, 2002.

In order to address the projected shortfall in the General Fund in 2002 and subsequent years, the County Executive has reduced ongoing management and administrative costs within General Government through the creation of the Department of Executive Services (DES). The DES department encompasses all administrative and internal support functions from the former Department of Information and Administrative Services, Department of Finance, Department of Construction and Facilities Management, and the Office of Human Resources Management. General Government agencies contributed to the overall balancing of the budget by making reductions in their budgets in excess of \$10.6 million while minimizing the impact on direct services.

In 2002 twenty County parks will remain closed throughout the year due to the lack of General Fund resources. In addition, the 2003 General Fund revenue shortfall may result in more Parks budget reductions. These reductions may include reduced levels of maintenance and the temporary closure of more parks. Substantial revisions to the Parks program will occur in conjunction with the 2003 General Fund Budget.

In 2002 King County and the Department of Adult and Juvenile Detention (DAJD) will complete negotiations with cities that contract for jail services and control the increases in jail population. DAJD will actively participate in a number of working groups assigned to analyze various capacity options for addressing jail population needs. DAJD will continue to collaborate with both the Juvenile Justice Operational Master Plan (JJOMP) and Adult Justice Operational Master Plan (AJOMP) projects to develop alternatives to incarceration.

The Information and Telecommunications Division (ITS) will implement the Windows 2000 infrastructure and subsequently

conduct system migration to Exchange 2000. The second phase of PC replacement will also occur in 2002.

The I-Net group will complete the implementation of I-Net Network Access Point and move into production status in 2002.

As a result of internal reorganization, the ITS Division is implementing the customer service model and realigning help desk support to provide a higher standard of customer service.

In alignment with King County Executive plans, ITS will expand the King County on-line directory from the Intranet to the Internet. This will enhance customer convenience in obtaining information on-line. In addition, ITS, with direction from the County Executive, will conduct a major overhaul of web services.

Other major projects for 2002 include the replacement of various outdated systems critical to DAJD functions and expansion of the Jail Billing System to provide greater information to regional subscribers.

In conjunction with the Office of Information Resource Management (OIRM), ITS will also launch the pilot project for King County E-Commerce.

The Office of Information Resource Management is chartered to ensure a county-wide technology vision and strategic direction and provide oversight of information technology management. The Office will develop an information technology strategic plan with annual updates; establish objectives for information technology investments in the County; recommend funding for those information technology investments that best achieve the established objectives; develop guidelines for the management of information technology projects; and

monitor project implementation to ensure projects stay on track.

## FINANCIAL INFORMATION

### Accounting System and Budgetary Control

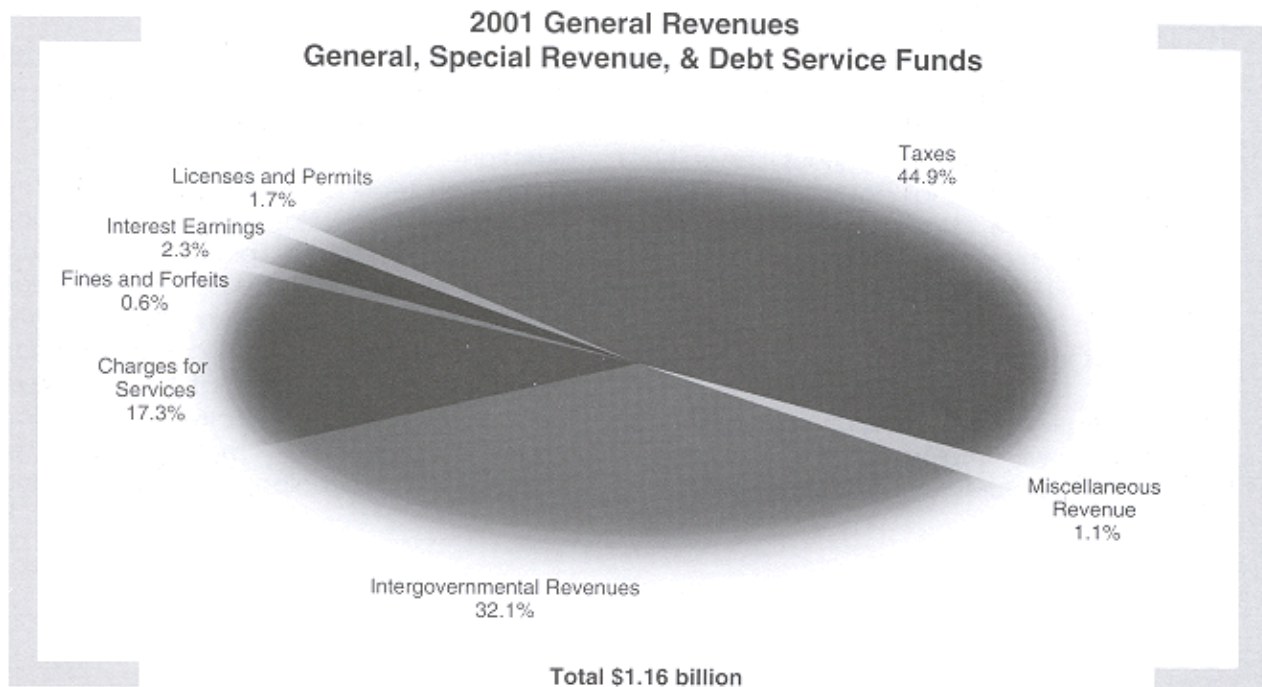
The Manager of the Finance and Business Operations Division responsibilities include: (1) performance of the duties of a County treasurer; (2) formulation and implementation of financial policy for the County and other agencies as applicable; (3) management of the accounting and disbursing of public funds; (5) management of the County's procurement and contracts functions; and (6) management of the collection, receipt, and investment of assigned revenues due to the County or other agencies for which the Manager of the Finance and Business Operations Division performs the duties of treasurer.

The Budget Director oversees the Office of Budget, which prepares and monitors the annual operating and capital improvement budgets, forecasts and monitors revenues, and compiles performance indicators for use in evaluating the effectiveness and efficiency of County agencies.

In developing and evaluating the County's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and financial records are reliable for preparing financial statements and maintaining accountability for assets. We believe that the County's internal accounting controls adequately safeguard assets and provide for the proper recording of financial transactions.

Fiscal and operational audits of all County agencies are conducted by the County Council Auditor and the Internal Audit Section of the Office of Budget; legal compliance and financial audits of all County agencies are conducted by the State Auditor's Office. Budgetary control is maintained at the fund level with the exceptions of: (1) the General Fund and certain other Special Revenue Funds that are appropriated at the department/division level, and (2) Capital Projects Funds that are appropriated at the project level.

These are the legal levels of budgetary control. Administrative control is guided by



the establishment of more detailed line item budgets. King County records encumbrances when a commitment is made for the acquisition of goods or services in order to facilitate effective budgetary control. At the end of each year, open encumbrances are carried forward to the new year along with the associated budgets.

### Revenues

King County's general revenues include revenues of the General Fund, Special Revenue Funds, and Debt Service Funds which are classified as follows:

*Taxes* – Property taxes, retail sales and use taxes, business and other taxes.

*Licenses and Permits* – Charges for the issuance of licenses and permits.

*Intergovernmental Revenues* – Grants, entitlements, shared revenues, and payments for goods and services provided by the County to other governments.

*Charges for Services* – Fees and charges for professional or other services rendered to a private party or to a County fund.

*Fines and Forfeits* – Charges levied by the Superior or District Court.

*Interest Earnings* – Interest earned on investments, contracts, notes, and loans.

*Miscellaneous Revenues* – Revenue from sources not otherwise provided for in the other classifications.

Shown on the previous page and below is an analysis of the County's General Revenues which includes revenues of the General, Special Revenue, and Debt Service Funds. Shown are a pie chart relating sizes of the various sources of general revenues in 2001 and a table comparing 2001 and 2000 general revenues.

Revenues from Taxes in 2001 increased nearly \$14 million (2.7 percent) from 2000 levels due primarily to an increase in property taxes (\$15.6 million) and a decrease in local retail sales and use taxes (\$4 million).

Licenses and Permits revenue increased by over \$5 million (42.7 percent) in 2001 from the 2000 level. The 2001 Department of Development and Environmental Services building inspections fee revenue, which had dropped substantially in 2000, was back to its historical level (over \$4 million).

### GENERAL REVENUES BY SOURCE 2001 AND 2000 (Dollars in Thousands)

Source	2001	2000	Increase/(Decrease)	
			Amount	Percent
Taxes	\$ 521,454	\$ 507,552	\$ 13,902	2.7 %
Licenses and Permits	19,272	13,506	5,766	42.7 %
Intergovernmental Revenues	372,728	338,156	34,572	10.2 %
Charges for Services	201,543	180,804	20,739	11.5 %
Fines and Forfeits	7,086	8,043	(957)	(11.9)%
Interest earnings	26,230	27,416	(1,186)	(4.3)%
Miscellaneous Revenues	12,665	12,636	29	0.2 %
TOTAL	<u>\$ 1,160,978</u>	<u>\$ 1,088,113</u>	<u>\$ 72,865</u>	6.7 %

Charges for Services revenue increased by more than \$20 million (11 percent). Over \$16 million of that increase was due to increased revenue from Interfund and Interdepartmental Sales and Services.

The decrease in Interest Earnings of over \$1 million was due to the decrease in the annual yield on investments. During 2001 the County's investment pool realized an average yield of 5.56 percent, down from 6.37 percent in 2000.

### Expenditures

King County's expenditures are classified as current, debt service, or capital outlay. Current expenditures are classified by function, such as mental and physical health, and by object of expenditure, such as personal services. The County's functional categories of current expenditures are:

*General Government Services* – A class of services provided by the legislative and administrative branches of government as a whole.

*Law, Safety and Justice* – A class of services relating to law enforcement, public safety, and the provision of justice.

*Physical Environment* – A class of services provided to achieve a satisfactory living environment for the community and the individual.

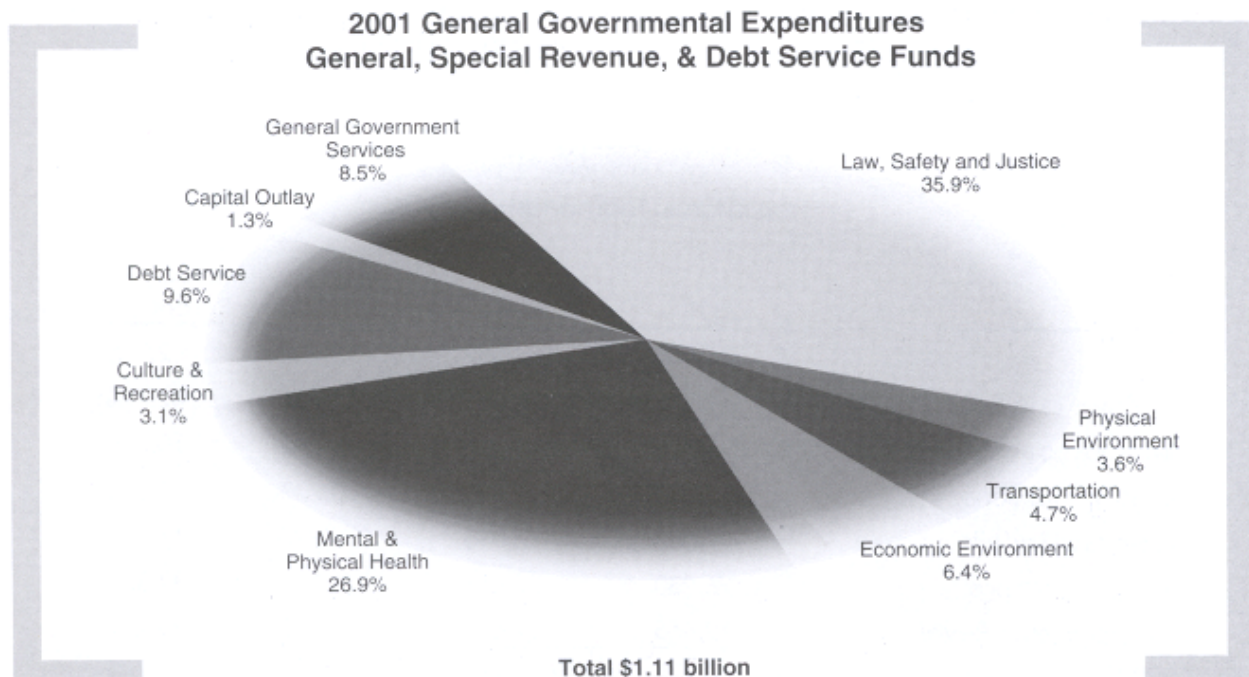
*Transportation* – A class of services provided for the safe and adequate flow of vehicles and pedestrians.

*Economic Environment* – A class of services provided for the development and improvement in the welfare of the community and individual.

*Mental and Physical Health* – A class of services provided for the care, treatment, and control of mental and physical illnesses.

*Culture and Recreation* – A class of services provided to increase the individual's understanding and enjoyment.

Shown below and on the following page is an analysis of the County's General Governmental Expenditures that includes





expenditures of the General, Special Revenue, and Debt Service Funds. Shown are a pie chart relating sizes of the various functions and characters of General Governmental Expenditures for 2001 and a table comparing 2001 and 2000 expenditures.

General government services expenditures increased by over \$16 million. The largest element of that increase was a \$14 million settlement of a class action lawsuit by individuals who previously worked for the county under temporary services agencies and claimed they were paid as independent contractors when they fell under the common law definition of employees eligible for full benefits.

The Law, Safety and Justice expenditures increased by over \$31 million (8.4 percent) in 2001 as a result of increased expenditures by the Sheriff's Office, the Superior and District Courts, Adult and Juvenile Detention, the Prosecuting Attorney, and the Office of Public Defense.

The Mental and Physical Health expenditure category increased by nearly \$23 million (8.5 percent) due to continued increases in the

cost of providing health care to the citizens of the County.

### PROPRIETARY OPERATIONS

King County's major enterprise operations are the King County International Airport, Public Transportation, Radio Communication Services, Solid Waste Utility, Stadium (Kingdome), and Water Quality (Wastewater Treatment).

#### King County International Airport

The King County International Airport (the Airport), also known as Boeing Field, is primarily a general aviation airport, although both passenger and cargo carriers utilize its facilities. The Airport is the primary bad weather alternative for Sea-Tac International Airport. It is self-supporting, with its major revenues consisting of property leases, airport user fees, fuel flowage fees, service charges, concessions, and short-term rental agreements. No local tax dollars are spent for the operation and maintenance of the Airport.

The Airport is the location for some of the offices of the Federal Aviation Administration

#### GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION 2001 AND 2000 (Dollars in Thousands)

Function	2001	2000	Increase/(Decrease)	
			Amount	Percent
Current				
General Governmental Services	\$ 94,094	\$ 77,639	\$ 16,455	21.2 %
Law, Safety and Justice	398,976	367,913	31,063	8.4 %
Physical Environment	39,999	39,686	313	0.8 %
Transportation	52,154	49,868	2,286	4.6 %
Economic Environment	71,349	64,073	7,276	11.4 %
Mental and Physical Health	299,069	275,677	23,392	8.5 %
Culture and Recreation	34,176	32,343	1,833	5.7 %
Debt Service	106,721	101,995	4,726	4.6 %
Capital Outlay	14,876	21,779	(6,903)	(31.7)%
<b>TOTAL</b>	<b>\$ 1,111,414</b>	<b>\$ 1,030,973</b>	<b>\$ 80,441</b>	<b>7.8 %</b>

and the headquarters of the Washington State Division of Aeronautics. The Airport serves major cargo operators such as United Parcel Service, Airborne Express, Burlington Air Express, and others. It is experiencing growing demand in the cargo and corporate jet aircraft services areas and is home to two major fixed based operators, which assures a healthy competitive economic environment.

The Airport's operating expenses for fiscal year 2000 were 16.5 percent under the appropriated budget. Significant cost savings were due to vacancies in Airport staff and lower than expected capital purchases, services, and contracts. Airport operating revenues almost met appropriations and were only under by 0.07 percent due to the partial-year vacancy of the Airport Office Center (AOC) office building and the Northeast T-hangars. The vacancies, however, were offset by an aggressive accounts receivable policy that included collection of late fees and an audit of fuel flowage fees.

The Airport's 2000 capital improvement program will have a long-range impact on the Airport's retained earnings. The Airport has proposed bonding for three of its CIP projects: Runway Shift, Westside Redevelopment, and the Terminal Building Remodel. The new Northeast T-hangars were completed and occupied in April 2000.

### **Institutional Network Enterprise**

The Institutional Network (I-Net) commenced revenue service July 1, 2001. The Information and Telecommunications Services Division (ITS) manages, operates and maintains the I-Net System. This optical fiber-based network provides broadband interconnectivity to over 80 agencies across King County. This includes 51 King County Wide Area Network (KCWAN) sites and 41 sites in the King County Library System. It also includes school districts, suburban cities and police agencies, and several content providers such as the Woodland Park Zoo.

In 2001 seventy-five sites were activated for three agencies. An additional 72 sites are to be activated in 2002 to bring the system up to 51 percent of the projected total. Once activated, sites are then billed for the services they receive.

### **Public Transportation**

The Transit Division is responsible for providing public transportation in King County, serving 1.7 million people in an area of 2,134 square miles. This division provides bus service, carpool assistance, vanpools, and other alternatives to driving alone. The DOT Director's Office (formerly Community and Administrative Services Division) provides management and direction to the Department of Transportation, including Community Relations and Grant Management. Effective December 31, 2001, the Transportation Planning function was eliminated; prior to this time it was part of the Public Transportation Fund.

Compared with 2000, bus ridership in 2001 declined largely due to increased unemployment levels within King County. Passenger bus boardings totaled 95.6 million for the year, a decrease of 3 percent from 2000. King County Metro Transit administers the largest publicly owned and operated vanpool program in the nation, providing more than 1.9 million vanpool trips in 2001. The paratransit program provided 1.03 million Accessible Services (ACCESS) trips, a decrease of 2 percent from 2000.

Revenues in 2001 increased over 2000 in two primary categories: Sales Tax collected for public transportation and Fare Revenue. In November 2000 the voters of King County authorized an additional 0.2 percent sales tax to be collected to support King County Metro Transit. This increased sales tax partially replaced the revenue lost when the Motor Vehicle Excise Tax (MVET) was reduced following the passage of Initiative 695. The additional sales tax went into effect on April 1, 2001, and King County Metro began to receive the revenue in June 2001. Also in response to the loss of MVET

revenues, passenger fares were increased on July 1, 2001. These two increased revenues, coupled with \$14 million in expenditure reductions, allowed King County Metro to restore much of the service that had been reduced in February 2000.

Transit had a number of significant accomplishments during the year, including:

Providing New and Enhanced Services:

Delivered 156,000 additional service hours to King County Metro customers as part of the September 2001 service change. These service additions constituted the second largest in King County Metro's history. Established 120 new bus stops, deleted 116 zones and modified signs at 1,721 stops to implement 2001 service changes. Reduced the number of accessible service providers from five to three, streamlining communication and bringing all providers into compliance with new contract standards for safety and service, reducing the cost of contractor overhead and improving communication between call centers and providers. Transferred all ACCESS riders who had been previously served by the eastside broker to a new reservation, scheduling and dispatch system. Provided round trip special event service to 187,155 University of Washington Husky fans, 328,140 Seattle Seahawk fans and 127,299 Seattle Mariner fans to games during their 2001 seasons.

Responding to Extraordinary Events: In the aftermath of the Nisqually earthquake, Transit was able to continue service in spite of numerous reroutes, bridge and viaduct closures, damaged buildings, and utility disruptions. In addition to providing regular service, King County Metro Transit provided special services such as buses for sheltering people evacuated from nursing homes and extra midday service to alleviate high traffic volumes. In response to the events of September 11, Transit created the Transit Security Enhancements program to increase customer, employee, and property safety. Initial accomplishments included implementing a transit-wide employee

identification policy, testing camera equipment on buses, and installing additional cameras at selected tunnel locations.

Improving Bus Fleets: During 2001 the first of 100 new 40-foot trolley buses were put into service. King County Metro Transit used an innovative, cost-effective approach to replacing these overage trolleys. New bodies were purchased from one vendor while another rebuilt the propulsion units. In addition, a contract was awarded to replace thirty-five 25-foot transit vans.

Implemented the use of 50,000 mile, extended drain transmission oil in all King County Metro coaches. This change provides a fluid that is better matched to the needs of the new generation transmissions and will result in savings by reducing labor and materials needed to maintain coaches.

Expanding Passenger Information and Amenities: The Renton Transit Center opened in September. This project represents the first Transit Oriented Development site constructed via a public/private partnership. Improvements include two replacement parking lots, bus shelters, roadway and sidewalk pavements, utilities, street lighting, a passenger information center, and public art. Installed Rideline, an interactive voice response system, allowing ACCESS riders in the 206 area code to access recorded information to verify pick-up times for scheduled ACCESS trips, and to cancel any trips. Installed "limited access" signs at approximately 1,100 locations throughout the transit system.

Improving Intersystem Travel: Negotiated with regional transit partners and obtained County Council approval of an extension of the regional fare agreement providing Puget Passes, a system of cash transfers and regional revenue reconciliation. The regional fare agreement has helped make it easier for riders to make trips involving more than one transit agency; intersystem trips are about double what was anticipated.

During 2001 approximately 2.4 million trips on King County Metro involved a transfer to or from Sound Transit. Established the Washington State Ferry Cross-Sound Rideshare Project in partnership with WSF and Kitsap Transit to promote ridesharing through the increased use of an on-line resource ([www.RideshareOnline.com](http://www.RideshareOnline.com), an internet ridematching service allowing priority loading for vanpools and carpools and introducing the VanShare option in this corridor).

Expanding our employer partnerships and increasing the number of employees with subsidized transit services: Entered into an agreement with the City of Bellevue to assist in the mitigation of impacts associated with major roadway and building construction projects in the downtown area. The jointly funded (King County Metro/City) project will double both the number of Area FlexPass employer contracts and number of vanpools in downtown Bellevue. Partnered with the King County Department of Transportation (KCDOT), the King County Department of Community and Human Services (KCDCHS), the Coalition Against Domestic Violence, and the YWCA to provide an emergency ride home program to domestic violence agencies in King County. King County Metro continued its partnership with Flexcar in successfully incorporating Flexcar with many of King County Metro's Transportation Demand Management programs. King County Metro, the City of Seattle, and the University of Washington, all Flexcar partners, received the Puget Sound Regional Council's Vision 20/20 award. King County Metro was awarded an EPA Clean Air Transportation Communities grant to introduce hybrid vehicles to the Flexcar fleet.

### **Radio Communication Services**

Radio Communication Services (RCS) plans, constructs, operates, and maintains wireless communications systems for King County agencies, with the exception of the Transit radio system. RCS also provides these

services to other local governments and public safety agencies in the county.

RCS operates the King County portion of the Regional 800 MHz Trunked Radio System and maintains the Valley Communications Center portion of the system as well. The primary purpose of the system is to provide emergency radio communication services for all police, fire, emergency medical services, public school districts, and public hospitals in King County. The system includes mobile and portable radios, base stations, a microwave transmission network, network controllers, and other related equipment.

Radio Communication Services successfully completed its sixth year of operation in 2001. The number of active users of the system is now leveling off. King County customers represent approximately 4,100 of the 13,000 radios online system-wide.

### **Solid Waste Utility**

The King County Solid Waste Division operates eight solid waste transfer stations, two solid waste dropbox facilities, and the Cedar Hills Regional Landfill. Its mission is to protect the public health and environment by providing quality services that responsibly manage King County's solid wastes.

State law designates solid waste management to local governments. Through long-term interlocal agreements with the cities, except Seattle and Milton, King County is responsible for the operation of transfer and disposal facilities and preparation of the Comprehensive Solid Waste Management Plan. Cities maintain responsibility for collection systems located within their corporate limits, while the Washington Utilities and Transportation Commission regulates collection in the unincorporated areas and within cities that choose not to manage collection. Private companies under contract with King County operate four facilities for construction, demolition, and land clearing debris. King

County is responsible for the maintenance of 10 closed solid waste landfill sites.

The solid waste system is supported primarily through tipping fees charged at the County's active solid waste disposal sites. (Post-closure maintenance costs for the 10 closed landfills are supported by established, post-closure maintenance reserves.)

In 2001 the Solid Waste Division:

- Handled approximately 943,600 tons of garbage, yard waste, and recyclables
- Served approximately 805,000 customers
- Hauled 36,670 loads of garbage from our transfer stations to Cedar Hills

The Division's waste reduction and recycling programs continue to demonstrate the type of success that has brought them national recognition. In 2001 the new computer recovery program won two awards for its successes. The current priorities are sustainable development, public education and outreach, and the recycling of organic materials. The Transfer Station Recycling Team has begun a comprehensive effort to improve recycling services wherever possible at County transfer stations. For example, a project is in the works to add recycling services at the Algona Transfer Station.

Ten special recycling events were sponsored throughout King County. These popular events collected 753 tons of recyclable material and served 4,651 households.

The Wastemobile provided 42 collection events in suburban and unincorporated King County, handling 21,012 vehicles and collecting 906 tons of hazardous waste.

The School Program provided waste reduction and recycling information and hands-on training to 27,500 elementary and secondary school students through assembly programs and classroom workshops.

King County, along with 16 environmental quality agencies in the Puget Sound region, joined to promote grasscycling and clean air by offering discounted electric mulching lawn mowers at five regional events. In addition to the electric mowers, discounted push reel mowers and hand weed pullers were offered at the 2001 events held in King, Snohomish and Pierce Counties. A total of 3,178 mowers and 640 weed pullers were sold. Over 2,220 lawn mowers were collected for recycling. The project surpassed its goal of selling 3,000 mowers. Since the program's beginning in 1998 over 15,000 mowers have been sold.

The *Final 2001 Comprehensive Solid Waste Management Plan* (Comp Plan) was adopted by the King County Council and is in the hands of the 39 cities for their adoption. Key issues in the update process include establishing continued goals and strategies for waste reduction and recycling, continuing to provide the vital services that residents have come to expect, planning for waste export after the Cedar Hills Regional Landfill reaches its capacity, and keeping system costs as low as possible.

A credit/debit card system was implemented at all County transfer stations and dropboxes. The project, coordinated by a multi-faceted team of Division employees, was well received by the public.

The Environmental Awareness Program (EAP) is making good progress towards saving fuel, energy, water, and other renewable resources across the Division. Each section of the Division has set objectives and targets they are committed to achieving. The EAP team is now developing the environmental policies and procedures that will make up the comprehensive Environmental Management System for the Division.

### **Stadium (Kingdome)**

The Kingdome structure was imploded on March 26, 2000, to make way for the construction of a new outdoor football

stadium. The 2001 expenditures included payments on outstanding Stadium-related debt and unemployment compensation.

### Water Quality

The Wastewater Treatment Division's mission is to protect and enhance regional water quality by treating wastewater and operating high-quality conveyance and treatment facilities. In 2001 the Wastewater Treatment Division provided wholesale wastewater transport, treatment, and disposal services to 1.3 million residents in 17 cities and 18 local sewer and water districts (collectively known as sewer component agencies), including north Pierce County and south Snohomish County.

As part of its responsibilities for protecting and enhancing regional water resources, King County operates two major secondary treatment plants -- the West Point Treatment Plant in Seattle and the East Division Reclamation Plant in Renton. Both plants combined treated approximately 188 million gallons of wastewater a day in 2001.

A conveyance system made up of a network of 255 miles of sewer pipes and interceptors, 20 regulator stations, and 42 pumping stations carries sewage from homes, businesses, and factories to treatment plants.

The major accomplishments of 2001 for the Wastewater Treatment Division include the following:

- The South Treatment Plant received a gold award from the Association of Metropolitan Sewerage Agencies (AMSA) for zero exceptions to the Federal National Pollutant Discharge Elimination System Permit (NPDES).
- The West Point Treatment Plant received a gold award from the AMSA for zero exceptions to the Federal National Pollutant Discharge Elimination System Permit (NPDES).

- The North Creek Diversion Project, completed in 1999, received a distinguished project award in October 2000 from the Northwest Construction Consumer Council. This project provides more capacity in the Kenmore Interceptor and utilizes the capacity at the South plant more efficiently.

### Internal Service Funds

The County has 12 internal service funds providing a variety of services to County agencies including: construction and facilities management, financial management, insurance (which also includes an employee medical, dental, and life self-insurance program), data processing, telecommunication, printing, and vehicle and equipment rental services.

### **CASH MANAGEMENT**

The *Revised Code of Washington* allows King County to invest its surplus funds in U.S. Treasury and Agency securities, certificates of deposits, commercial paper, bankers' acceptances, and repurchase agreements secured by eligible securities. With the exception of certain funds with bond covenant restrictions, all County monies are invested in the County's Residual Investment Pool.

County investment policies establish investment parameters for operation of the investment pool. King County minimizes credit and market risks while maintaining a competitive yield. During 2001 the County's pool realized an average yield of 5.56 percent, down from 6.37 percent in 2000. Interest earnings of County funds in 2001 were over \$77 million, including nearly \$18 million for the General Fund. Ninety-eight percent of the deposits and investments held by the County as of December 31, 2001, are classified in the category of lowest credit risk in accordance with criteria established by the Governmental Accounting Standards Board.

## DEBT ADMINISTRATION

At December 31, 2001, King County had a total of 31 bond issues outstanding. These issues included \$1.6 billion of general obligation bonds, \$167 thousand of special assessment debt with government commitment, and \$891 million of revenue bonds.

The total outstanding net general bonded debt at year-end 2001 was \$498.1 million, as compared with \$485.1 million in 2000. Per capita debt in 2001 was \$283, as compared with \$279 in 2000. In 2001 the County's bond ratings were Aa1 and AA+ from Moody's and Standard & Poor's, respectively, for non-voter approved bonds (Aaa and AA+ for voter-approved bonds, respectively). These ratings suggest to investors that the County is a good risk when it sells bonds to pay for capital improvements.

Under current state statutes, the County's general obligation bond issuances are subject to a legal limitation based on 2½ percent of assessed value for its general County purposes and 2½ percent of assessed value for its metropolitan functions. As of December 31, 2001, the County's net general obligation debt of \$1.087 billion for general county purposes and of \$626.6 million for metropolitan functions were well below the legal limit of \$5.275 billion for each.

## RISK MANAGEMENT

The County has implemented a program of self-insurance to cover its general and automobile liability loss exposures, Health Department professional liability, and directors and officials liability exposures. Beginning on July 1, 1993, the County purchased \$20 million in coverage above a \$5 million per occurrence self-insurance retention for the above exposures to supplement its program of self-insurance. Effective August 1, 1997, the County increased limits to \$75 million above its \$5 million self-insured retention. Effective September 1, 1998, the County increased

limits to \$100 million above a \$2.5 million per occurrence self-insured retention.

Effective October 1, 2001, there were some significant changes in the County's insurance program. The County was able to retain a \$2.5 million per occurrence self-insured-retention (S. I. R.), but must satisfy a \$1 million "corridor" deductible of \$1 million above the County's \$2.5 million S. I. R.

In addition to funding reserves for known and incurred-but-not-reported cases, the County adopted a plan to create catastrophic loss reserves to respond to large, non-recurring losses. The catastrophic loss-financing program was financed with annual contributions in excess of \$1 million with interest earnings being invested to the benefit of the catastrophic loss reserves. As of December 31, 2001, \$14.7 million of the Insurance Fund's cash had been designated as catastrophic loss reserves.

## AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to King County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2000. This was the 20<sup>th</sup> consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

**ACKNOWLEDGMENT**

The preparation of this report in an accurate and responsible manner could not have been accomplished without the efficient and dedicated services of the Accounting staff of the Finance Department. We would like to express our sincere appreciation to this staff who assisted and contributed to its preparation. We would also like to thank the Office of the County Executive and the members of the County Council for their interest and support in planning and

conducting the financial operations of King County Government in a responsible and progressive manner.

**CERTIFICATION**

We hereby certify to the best of our knowledge and belief that this report is a true and correct representation of the official records in the King County Finance Department for the period January 1, through December 31, 2001.

  
\_\_\_\_\_  
Robert V. Cowan  
Manager  
Finance and Business Operations Division  
\_\_\_\_\_  
Connie L. Griffith  
Chief Accountant/Manager  
Financial Management Section